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FISCAL IMPACT STATEMENT

LS 7133

BILL NUMBER: HB 1329

NOTE PREPARED: Jan 16, 2014

BILL AMENDED:

SUBJECT: Lobbyist code of conduct.

FIRST AUTHOR: Rep. Riecken

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill establishes standards of conduct for legislative lobbyists. It authorizes the Indiana Lobby Registration Commission (ILRC) to adopt rules to implement and enforce the standards of conduct. It authorizes a legislative person to file a complaint alleging that a lobbyist has violated the standards. It authorizes the ILRC to impose certain sanctions on a lobbyist if the ILRC finds the lobbyist has violated the standards. The bill also makes conforming changes in the lobbyist registration statute.

Effective Date: July 1, 2014.

Explanation of State Expenditures: *Lobbyist Code of Conduct:* This bill could increase administrative expenses for the ILRC and the Attorney General to the extent that complaints alleging that lobbyists have violated the standards provided in the bill are filed with the ILRC.

The bill allows the ILRC to adopt rules, enforce the standards of conduct in the bill, investigate complaints concerning allegations of violations of the standards, and impose sanctions. As of January 1, 2014, the ILRC's staff consisted of three employees. The ILRC was appropriated \$285,300 for FY 2014 and \$296,000 for FY 2015.

The bill's requirements represent an additional workload on the ILRC. Existing staffing and resource levels, if currently being used to capacity, may be insufficient for full implementation. The additional funds and resources required could be supplied through existing staff and resources currently being used in another program or with new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and administrative actions.

Additional workload for the Attorney General's Office will depend upon the extent that the ILRC requests assistance to enforce the bill's provisions.

Unlawful Lobbying: This bill provides that the following are considered to have violated IC 2-7-2:

- (1) A person who engages in lobbying activities during a period of suspension of the lobbyist's registration set by the ILRC's order of sanction.
- (2) A person who engages in lobbying activities during a period of revocation of the lobbyist's registration set by the ILRC's order of sanction.

Any person who knowingly or intentionally violates the provisions of IC 2-7-2 commits unlawful lobbying, which is a Level 6 felony. In addition to the penalty for unlawful lobbying, the court may order the defendant not to engage in lobbying for a period of up to 10 years.

A Level 6 felony is punishable by a prison term ranging from 6 months to 30 months depending upon mitigating and aggravating circumstances. Assuming offenders can be housed in existing facilities with no additional staff, the marginal cost for medical care, food, and clothing is approximately \$3,267 annually, or \$8.95 daily, per prisoner. However, any additional expenditures are likely to be small.

Explanation of State Revenues: *Unlawful Lobbying:* If additional court cases occur and fines are collected, revenue to both the Common School Fund (from criminal fines) and the state General Fund (from court fees) would increase. The maximum fine for a Level 6 felony is \$10,000. However, any additional revenues would likely be small.

Explanation of Local Expenditures: *Unlawful Lobbying:* If more defendants are detained in county jails prior to their court hearings, local expenditures for jail operations may increase. However, any additional expenditures would likely be small.

Explanation of Local Revenues: *Unlawful Lobbying:* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, the amounts would likely be small.

State Agencies Affected: Indiana Lobby Registration Commission; Attorney General; Department of Correction.

Local Agencies Affected: Political subdivisions; Trial courts, local law enforcement agencies.

Information Sources: State Staffing Report, January 1, 2014.

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